

Veritext Corporate Services

800-567-8658

973-410-4040

Page 3 PROCEEDINGS 1 2 (DISCLAIMER: Poor audio, parties too far away from recording device and background noise; 3 "indiscernibles" noted) 4 5 MR. HOOD: -- know the Chamber of Commerce had kind of gotten that together and 6 they reached an agreement, you know, in our 7 8 meeting. Of course, you know, they were going to work together and they went off over in a -- I 9 think they (indiscernible) White House or 10 1.1 something. So we didn't get credit for it which we wouldn't -- didn't care about it. 12 You know, but the got the deal done. 13 14 And the banks worked with the (indiscernible). So we began to try to work with some of the 15 search units. 16 17 Jon, good to have you back. insulted me twice while you've been gone so --18 (Laughter) 19 UNIDENTIFIED SPEAKER: Which took a lot 20 of restraint to keep it to that number. 2.1 (Laughter) 22 MR. HOOD: But, anyway, then we began 23 to start working with the search engines and 24 trying to figure out, you know, how we can kind 25

of stop the flow of some counterfeit items. It's not just counterfeit items. I mean, it's -- it's human trafficking. You get on a search engine and you look for prostitute, you find those kind of things. Kids are doing this, you know.

They're looking at this stuff. You know, they've got to how to videos on how to murder and how to rape, how you kill your wife, how you get away with it.

And they -- like the sale of drugs. I mean, our investigators purchased drugs online from a Google advertiser. We got them lab tested. We're talking about counterfeit -- we're talking about pain killers. You know, some of them were counterfeit, some not.

So we've had several meetings over about two and a half years with Google because they're the primary. You know, I know for our meeting in Boston and Yahoo, I think, which uses Bay -- is powered by Baine (sic) if I'm right about that.

But I remember calling one of their people and saying, look, you know, you've got a query on here that says, you know, buy prescription drugs without a prescription. And I

said, you know, then it goes to a site where you can actually buy them. It's not just a -- you know, something that's trying to take your money or take a joke or whatever. And that was on Friday. By Monday, they got it -- they stopped that auto-complete feature.

So we're not just, you know, picking on -- on one particular company. But Google on auto some days you have an 80 percent market, some days you got 60 percent on the desktop, you know, queries. So -- (indiscernible) inquiries.

So we -- we have tried to work with them. We've written a series of letters. We had a meeting this week and this is where I kind of want to just lay the foundation for the -- where -- where we're in a disagreement. And, Jon, I'm going to ask you to jump in.

My position is that they should delist some of these sites that they know are bad sites. And delisting is you take it off. You can't find it. Demotion is you just push it down so far where people can't find it.

Well, a while back (indiscernible) use it. Then the first site you can see was something called MP3skull. That's just one that

we know about. And it's not a (indiscernible). It's not about music (indiscernible) software. It's about pursuing protection items that start house fires and drugs and, you know, human trafficking, all those issues. But this is just an easy one to understand. MP3skull (indiscernible).

Well what is the most renown site, I guess, to (indiscernible). It should be the first one, you would think, to pop up if you did that query for (indiscernible). Now they've changed it a little bit, but this pirating outfit, pretty much all they do is -- is power (indiscernible).

Now Google complained that, you know, (indiscernible) it's not. My argument as the prosecutor is, you know, if I've got a store selling drugs I'm not just going to shut down one department. I'm going to shut the whole store down. So they say, we'll shut down the (indiscernible) if you tell us. So their MO is you've got to tell us. You've got to feed the machine rather than clean up our site. It's your job to report those.

So they offered us something. We got

. 9

something out of this meeting, this -- that -I'm glad that we did it and (indiscernible) I
would encourage your states as well. They put on
the table what's a trusted flag approach and
that's a -- that's what the YouTube videos that
we plan on and brought to their attention that
show things like, you know, how to murder, those
kind of things. But they're going to train our
people at our place or theirs or whatever and
help our people do the notification on them.

So I (indiscernible) notify them. I think it's their job to clean it up. Why should we spend our resources; why should government fear their water because they're making money off of this.

But to try to -- to reach some agreement with them I put on the table, you know, if -- if the banks take this -- they don't have these protections and immunity under the Communication (Indiscernible) Act like -- you know, the banks just don't have protection. But they'll take this list of this non-profit and they'll cut them off. They won't pay.

Why don't you take, you know, that you -- Google (indiscernible) list from one of their

associations that says, here's a list of my websites and we cut them off. We delist them.

There are other groups that would have the same lists, that they would provide them and they could give them to us and we could give them to them, such as the motion picture association, you know, the recording industry. I know they already do it, but there are others that would do it if we had the list. I said, why don't you take these lists and delist them. They keep saying -- there are no First Amendment -- you're not going. They have no liability to cut them off and if the sites get themselves right then they can come back on.

And this is where I'm going to turn it over to Jon because he just flat said in the meeting, you know, give us an answer. And so, Jon, I would ask that you kind of fill in the things I've missed and then get to the point of what their answer was when we kind of put this to them.

And the only thing I will mention in case Jon forgets, they -- to their credit they put on the table that they're going to hire 10 percent more people to do more work and that's

great. They're doing -- you know, they're spending a lot of money. It looks like they're spending huge amounts and they've got a thousand people working on it.

But the problem is, is that morning we got this letter from them, we printed out 10 sites that had buy what was Percocet online without a prescription. I mean, whatever they're doing is not working. And so we're saying -- you know, Jon was pushing them on demotion. I was pushing them on delisting, and so we're both -- you know, they get us in a circle, circular argument about the demotion because it's not working.

And so, Jon, I would like for you to step in and kind of explain what else I've missed and then, you know, what their answer was.

MR. BRUNING: Well, first of all, I want to say that I very much appreciate my good friend, General Hood (indiscernible) saying.

It's meant a lot to all of us, Jim, that you have taken -- you know, carried this load against -- on this very important issue.

You know, yesterday was pretty frustrating for those of us that were there. It

was surprising because the team from Google seemed to have very direct orders from whoever it was up their chain of command to not give an inch.

And so I did finally ask them at some point. I mean, we all understand it. We have people work for us. And if we send them into a meeting and say, don't give an inch, that we expect them not to give an inch. And I think what happened when we got into that Google meeting is we had a team from Google that was told, don't give anything.

So it was a -- it was a somewhat frustrated meeting. You know, what we're looking for, as I think General Hood has laid out, is that we're looking for, one, Google to do something about sites that in particular make money, make the vast majority or all of their money from stealing music, movies, and other digital counting. There are sites that do nothing but that. That's number one. Do something about it, either demote them, delist them, do something because there is an immense amount in raw numbers of illegal content or -- or of content that is taken illegally, so music

15.

that's downloaded without a license, movies that are downloaded without a license without paying for it. There's an immense amount of that.

Now Google will tell you, well, only five percent -- only five percent of the searches find that type of content that's -- that's able to be downloaded for free. Well, five percent of a billion searches is a lot of searches. It's a lot of people downloading illegal content -- downloading content illegally.

So that's the first issue.

The second issue is as General Hood mentioned. They have an immense amount of content on their YouTube platform that is just flat out illegal, so how to build a Boston Marathon bomb; how to find an underage prostitute; how to buy Oxycontin without a prescription. They -- all that is on YouTube and Google will say, well, we're trying to take it down. But our stance, as attorney generals, has to be, you can do better. You have to do better. It should not be that readily available.

You own a restaurant and if somebody wants to walk in, you know, wearing a Speedo and carrying a bucket of horse crap, you don't have

to serve them dinner. And if Google has a platform and you want to -- you know, somebody wants to put a video on there of how to make a fake passport, Google doesn't have to put it up. And if it does get put up, they have a duty to take it down.

So we find ourselves at a crossroads where I think we have a couple of options.

Litigation, as General Suthers (ph) pointed out yesterday, is a challenge certainly. We would have to find out exactly what our theory is.

General Suthers, I think, made a very salient point on that issue, what is our legal cause of action.

But we do have secondarily, as General Kilmartin (ph) and I were talking about earlier, we have a significant bully pulpit. As the attorney general of this country we can demand better from companies like Google and a company that's done a lot of good worldwide. But we can demand better from them.

And so we have a bully pulpit.

Collectively, we have a significant bully pulpit.

We could have called, as we were talking about earlier, General, we could have called a press

conference yesterday 15 minutes before attorney General Houler (ph) walked in here and we would have had 20 TV cameras to talk to about the fact that Google allows a video on how to make a Boston Marathon bomb readily available on its YouTube site.

And perhaps that's our next step. It's either see IDs to understand what kind of ad revenue they're generating from this type of content because they do sell ads right next to it. As we pointed out yesterday, Target, U.S. Olympic Committee and all kinds of stuff is sold right next to how to buy a fake passport or how to make a bomb or buy Oxycontin without a prescription. So they're making money from this -- from this.

So our question to -- the question we have to ask ourselves is how do we want to go forward. Is it see IDs or mark consumer protection divisions; is it litigation under the CDA which is quite a challenge as we all know; is it public shaming where we simply say, you need to do the right thing and we're here as arbiters of the public good to make sure you did. That's the question for us collectively.

Page 14 And, General Hood, I want you to know 1 how much I appreciate your leadership on this I intend to stay engaged on it. I think 3 it's important for consumers in our states. And now we have to decide how to go forward. 5 Thank you. 6 UNIDENTIFIED SPEAKER: Do people of 7 Nebraska frequently go into restaurants wearing 8 Speedos carrying buckets --9 (Laughter) 10 MR. BRUNING: Well, I would expect 11 (indiscernible) Nebraska restaurant 12 (indiscernible) certainly personally. 13 14 UNIDENTIFIED SPEAKER: You may have no business left. 15 MR. BRUNING: That's my point. Google 16 17 (Laughter) 18 MR. BRUNING: Google needs to just say 19 no when those -- when those people show up on 20 21 their site and they're not doing it well enough. And they have lots of money. They spent \$500 22 million to settle with Rhode Island and the 23 federal government. And they can certainly 24 figure out how to put more resources. 25

	Page 15
1	appreciate the time and resources they have
2	applied to this, but they certainly can and must
3	do more.
4	UNIDENTIFIED SPEAKER: I just wanted
5	you to know I was listening.
6	(Laughter)
7	MR. BRUNING: I'm just glad you're
8	awake, General.
9	UNIDENTIFIED SPEAKER: Thank you.
10	Any questions for either for either
11	of the two generals or comments?
12	Everybody's got planes to catch.
13	Last, but certainly not least, we have
14	
15	(Recording stopped)
16	* * * *
17	
18	
19	
20	
21	
22	
23	
24	
25	

Page 16 CERTIFICATION I, Sherri L. Breach, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter. Dated: November 4, 2014 AAERT Certified Electronic Reporter & Transcriber CERT*D-397

[& - electronic]

	4 (1(0.10	1105140	11.05
. &	argument 6:16 9:13	carrying 11:25 14:9	crap 11:25
& 16:11	association 1:6 8:6	case 8:23	credit 3:11 8:23
1	associations 8:1	eatch 15:12	crossroads 12:7
	attention 7:6	cause 12:13	cs1960542 1:25
10 8:24 9:6	attorney 1:7 11:20	cda 13:21	cut 7:23 8:2,12
15 13:1	12:18 13:1	cert 16:11	d
2	audio 3:2	certainly 12:10	d 3:1 16:11
20 13:3	auto 5:6,8	14:13,24 15:2,13	dated 16:8
2014 1:17 16:8	available 11:22 13:5	certification 16:1	days 5:9,10
25 1:17	awake 15:8	certified 16:11	deal 3:13
3	b	certify 16:3	decide 14:5
397 16:11	back 3:17 5:23 8:14	chain 10:3	delist 5:18 8:2,10
	background 3:3	challenge 12:10	10:22
4	bad 5:19	13:21	delisting 5:20 9:11
4 16:8	baine 4:20	chamber 3:5	demand 12:18,21
5	banks 3:14 7:18,21	changed 6:12	demote 10:22
500 14:22	bay 4:20	circle 9:12	demotion 5:21 9:10
	began 3:15,23	circular 9:12	9:13
6	better 11:21,21	clean 6:23 7:12	department 6:19
60 5:10	12:19,21	collectively 12:23	desktop 5:10
8	billion 11:8	13:25	device 3:3
80 5:9	bit 6:12	come 8:14	digital 10:20
	bomb 11:16 13:5,14	command 10:3	dinner 12:1
a	boston 4:19 11:15	comments 15:11	direct 10:2
aaert 16:11	13:5	commerce 3:6	disagreement 5:16
able 11:6	breach 16:3	committee 13:12	disclaimer 3:2
act 7:20	brought 7:6	communication	divisions 13:20
action 12:14	bruning 2:4 9:18	7:20	doing 4:5 9:1,9
ad 13:8	14:11,16,19 15:7	companies 12:19	14:21
ads 13:10	bucket 11:25	company 5:8 12:19	downloaded 11:1,2
advertiser 4:12	buckets 14:9	complained 6:15	11:7
agreement 3:77:17	build 11:15	complete 5:6	downloading 11:9
allows 13:4	bully 12:17,22,23	conference 13:1	11:10
amendment 8:11	business 14:15	consumer 13:19	drugs 4:10,11,25 6:4
amount 10:24 11:3	buy 4:24 5:2 9:7	consumers 14:4	6:18
11:13	11:17 13:13,14	content 10:24,25	duty 12:5
amounts 9:3		11:6,9,10,14 13:10	
answer 8:17,20 9:17	c	correct 16:4	e
anyway 3:23	c 2:1 3:1	counterfeit 4:1,2,13	e 2:1,1 3:1,1
applied 15:2	called 5:25 12:24,25	4:15	earlier 12:16,25
appreciate 9:19	calling 4:22	counting 10:20	easy 6:6
14:2 15:1	cameras 13:3	country 12:18	either 10:22 13:8
approach 7:4	care 3:12	couple 12:8	15:10,10
arbiters 13:23	carried 9:22	course 3:8	electronic 16:5,11

[encourage - market]

encourage 7:3	g	i	kinds 13:12
engaged 14:3	g 3:1	ids 13:8,19	know 3:5,7,8,13,25
engine 4:3	general 9:20 10:15	illegal 10:24 11:9,15	4:5,6,14,18,18,23,24
engines 3:24	11:12 12:9,12,15,18	illegally 10:25 11:10	5:1,3,7,10,19 6:1,4
entitled 16:6	12:25 13:2 14:1	immense 10:23 11:3	6:15,17 7:7,17,21
everybody's 15:12	15:8	11:13	7:24 8:7,7,17 9:1,10
exactly 12:11	generals 1:7 11:20	immunity 7:19	9:12,17,22,24 10:14
excerpt 1:13	15:11	important 9:23 14:4	11:24 12:2 13:21
expect 10:9 14:11	generating 13:9	inch 10:4,8,9	14:1 15:5
explain 9:16	give 8:5,5,17 10:3,8	indiscernible 3:10	1
f	10:9,12	3:14 5:11,23 6:1,2,7	1 16:3
fact 13:3	glad 7:2 15:7	6:9,11,14,16,21 7:2	lab 4:12
fake 12:4 13:13	go 13:18 14:5,8	7:11,20,25 9:20	laid 10:15
far 3:2 5:21	goes 5:1	14:12,13	laughter 3:19,22
fear 7:14	going 3:8 5:17 6:18	indiscernibles 3:4	14:10,18 15:6
feature 5:6	6:19 7:8 8:12,15,24	industry 8:7	lay 5:15
february 1:17	good 3:17 9:19	inquiries 5:11	leadership 14:2
federal 14:24	12:20 13:24	insulted 3:18	left 14:15
feed 6:22	google 4:12,17 5:8	intend 14:3	legal 12:13
figure 3:25 14:25	6:15 7:25 10:1,10	investigators 4:11	letter 9:6
fill 8:18	10:11,16 11:4,19	island 14:23	letters 5:13
finally 10:5	12:1,4,19 13:4	issue 9:23 11:11,12	liability 8:12
find 4:4 5:20,22	14:16,19	12:13 14:3	license 11:1,2
11:6,16 12:7,11	gotten 3:6	issues 6:5	list 7:22,25 8:1,9
fires 6:4	government 7:13	items 4:1,2 6:3	listening 15:5
first 5:24 6:10 8:11	14:24	j	lists 8:4,10
9:18 11:11	great 9:1	jb's 3:17	litigation 12:9 13:20
five 11:5,5,7	groups 8:3	jim 2:3 9:21	little 6:12
flag 7:4	guess 6:9	job 1:25 6:24 7:12	load 9:22
flat 8:16 11:15	h	joke 5:4	look 4:4,23
flow 4:1	half 4:17	jon 2:4 3:17 5:16	looking 4:6 10:14,16
foregoing 16:4	happened 10:10	8:16,18,23 9:10,15	looks 9:2
forgets 8:23	help 7:10	jump 5:17	lot 3:20 9:2,21 11:8
forward 13:19 14:5	hire 8:24	k	11:9 12:20
foundation 5:15	hood 2:3 3:5,23 9:20		lots 14:22
free 11:7	10:15 11:12 14:1	keep 3:21 8:10	m
frequently 14:8	horse 11:25	kids 4:5	machine 6:23
friday 5:5	houler 13:2	kill 4:8	majority 10:18
friend 9:20	house 3:10 6:4	killers 4:14	making 7:14 13:15
frustrated 10:14	huge 9:3	kilmartin 12:16	marathon 11:16
frustrating 9:25	human 4:3 6:4	kind 3:6,25 4:4 5:14	. 13:5
		7:8 8:18,20 9:16	mark 13:19
		13:8	market 5:9
	Veritext Corn		

[matter - speedo]

matter 16:6	online 4:11 9:7	problem 9:5	restraint 3:21
mean 4:2,11 9:8	options 12:8	proceedings 1:14	revenue 13:9
10:6	orders 10:2	16:5	rhode 14:23
meant 9:21	outfit 6:13	profit 7:22	right 4:20 8:13
meeting 1:12 3:8	oxycontin 11:17	prosecutor 6:17	13:10,13,23
4:19 5:14 7:1 8:17	13:14	prostitute 4:4 11:17	S
10:8,11,14	p .	protection 6:3 7:21	s 2:1 3:1
meetings 4:16		13:20	s 2:1 3:1 sale 4:10
mention 8:22	p 2:1,1 3:1	protections 7:19	salient 12:12
mentioned 11:13	pain 4:14	provide 8:4	
million 14:23	particular 5:8 10:17	public 13:22,24	saying 4:23 8:11 9:9 9:20
minutes 13:1	parties 3:2	pulpit 12:17,22,23	says 4:24·8:1
missed 8:19 9:16	passport 12:4 13:13	purchased 4:11	says 4.24 8.1 search 3:16,24 4:3
mo 6:21	pay 7:23	pursuing 6:3	searches 11:5,8,8
monday 5:5	paying 11:2 people 4:23 5:22 7:9	push 5:21	searches 11:3,8,8
money 5:3 7:14 9:2	7:10 8:25 9:4 10:7	pushing 9:10,11	second 11:12 secondarily 12:15
10:18,19 13:15	}	put 7:3,17 8:20,24	see 5:24 13:8,19
14:22	11:9 14:7,20	12:3,4,5 14:25	sell 13:10
morning 9:5	percent 5:9,10 8:25	q	selling 6:18
motion 8:6	11:5,5,7 percocet 9:7	queries 5:11	send 10:7
movies 10:19 11:1	percocet 9.7 personally 14:13	query 4:24 6:11	series 5:13
mp3skull 5:25 6:6	ph 12:9,16 13:2	question 13:17,17	serve 12:1
murder 4:7 7:7	picking 5:7	13:25	settle 14:23
music 6:2 10:19,25	picture 8:6	questions 15:10	shaming 13:22
n	pirating 6:12	quite 13:21	sherri 16:3
n 2:1 3:1	place 7:9		show 7:7 14:20
national 1:6	plan 7:6	r	shut 6:18,19,20
nebraska 14:8,12	planes 15:12	r 2:1 3:1	sic 4:20
need 13:22	platform 11:14 12:2	rape 4:8	significant 12:17,23
needs 14:19	point 8:19 10:6	raw 10:24	simply 13:22
noise 3:3	12:13 14:16	reach 7:16	site 5:1,24 6:8,23
non 7:22	pointed 12:9 13:11	reached 3:7	13:6 14:21
noted 3:4	poor 3:2	readily 11:22 13:5	sites 5:19,19 8:13
notification 7:10	pop 6:10	recording 3:3 8:7	9:7 10:17,20
notify 7:11	position 5:18	15:15 16:5	software 6:2
november 16:8	power 6:13	remember 4:22	sold 13:12
number 3:21 10:21	powered 4:20	renown 6:8	somebody 11:23
number 3.21 10.21 numbers 10:24	prescription 4:25,25	report 6:24	12:2
	9:8 11:18 13:15	reporter 16:11	somewhat 10:13
0	press 12:25	resources 7:13	sound 16:5
o 3:1	pretty 6:13 9:24	14:25 15:1	speaker 3:20 14:7
offered 6:25	primary 4:18	restaurant 11:23	14:14 15:4,9
official 16:4	printed 9:6	14:12	speedo 11:24
olympic 13:12	printed 5.0	restaurants 14:8	
,	,		
		orota Services	

[speedos - youtube]

speedos 14:9	transcriber 16:11	worked 3:14
spend 7:13	transcript 1:12 16:4	working 3:24 9:4,9
spend 7.13 spending 9:2,3	tried 5:12	9:14
spent 14:22	trusted 7:4	worldwide 12:20
stance 11:20	try 3:15 7:16	written 5:13
start 3:24 6:3	trying 3:25 5:3	
states 7:3 14:4	11:19	y
	turn 8:15	yahoo 4:19
stay 14:3		years 4:17
stealing 10:19	tv 13:3	yesterday 9:24
step 9:16 13:7	twice 3:18	12:10 13:1,11
stop 4:1	two 4:17 15:11	youtube 7:5 11:14
stopped 5:5 15:15	type 11:6 13:9	11:18 13:6
store 6:17,19	u	
stuff 4:6 13:12	u.s. 13:11	,
sure 13:24	underage 11:16	
surprising 10:1	understand 6:6 10:6	
suthers 12:9,12	13:8	
t	unidentified 3:20	
table 7:4,17 8:24	14:7,14 15:4,9	
take 5:3,4,20 7:18	units 3:16	
7:22,24 8:10 11:19	use 5:23	
12:6	uses 4:19	
taken 9:22 10:25	V	
talk 13:3		
talking 4:13,14	vast 10:18	
12:16,24	video 12:3 13:4	
target 13:11	videos 4:7 7:5	
team 10:1,11	W	,
tell 6:21,22 11:4	walk 11:24	
tested 4:13	walked 13:2	
thank 14:6 15:9	want 5:15 9:19 12:2	
theirs 7:9	13:18 14:1	
theory 12:11	wanted 15:4	
thing 8:22 13:23	wants 11:24 12:3	
things 4:5 7:7,8 8:19	water 7:14	
think 3:10 4:19 6:10	we've 4:16 5:13	
7:12 10:9,15 12:8	wearing 11:24 14:8	
12:12 14:3	websites 8:2	
thousand 9:3	week 5:14	
time 15:1	went 3:9	
told 10:12	white 3:10	
trafficking 4:3 6:5	wife 4:8	
train 7:8	work 3:9,15 5:12	
VA MARIA / 1.U	8:25 10:7	
	Veritext Corn	